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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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PARIS ALSO FOR POL
ROME FOR MFO

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TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

[1](#)1. Mideast

[1](#)2. US-Israel Relations

Key stories in the media:

The media reported that on Tuesday two Qassam rockets were launched at Sderot. This morning leading electronic media reported on IDF

operations in the southern Gaza Strip. Israel Radio quoted Palestinian sources as saying that 10 Palestinians were killed. Electronic media said that in the village of Burkin near Jenin IDF troops shot and wounded three Islamic Jihad militants.

Israel Radio quoted a senior GOI source as saying that Hamas is trying to create a humanitarian crisis in the Gaza Strip by damaging the crossings to Israel. The radio reported that Assistant Secretary of State for Near Eastern Affairs David Welch told PA

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Chairman [President] Mahmoud Abbas that the US will continue to provide the PA with humanitarian aid. Welch was further quoted as saying that US military aid to the PA will be restricted to training and implementing measures recommended by US coordinator Lt. Gen. Keith Dayton.

Maariv and Israel Radio quoted Egyptian President Hosni Mubarak as saying that Israel opposes Egypt sending more troops to stop the smuggling of weapons into the Gaza Strip.

Ha'aretz reported that Hamas is willing to be more flexible on its list of Palestinian prisoners it wants released in exchange for abducted IDF Cpl. Gilad Shalit, according to an Israeli who has been serving as the personal liaison to Hamas for Shalit's family. Ha'aretz quoted Gershon Baskin, co-director of the Israel-Palestine Center for Research and Information, as saying that Ahmed Yousef, Hamas PM Ismail Haniyeh's political advisor, told him on Tuesday that "Israel should present a new list, of about 1,000 names, and Hamas will choose the prisoners [to be released] from it based on the agreed number from previous negotiations." Baskin also sent a letter detailing this conversation to Prime Minister Ehud Olmert's chief of staff, Yoram Turbowicz. However, both senior Hamas officials and senior Egyptian officials cautioned on Tuesday that

the negotiations over Shalit have been totally frozen for almost four weeks, ever since Hamas-Fatah infighting resumed in Gaza, and therefore, expectations of an imminent breakthrough are likely to prove overly optimistic. Similarly, President Mubarak was quoted as saying in an interview with Yediot that the infighting in the Gaza Strip had thwarted a prisoner swap agreed upon in principle -- Shalit's release in exchange for 400-500 Palestinian detainees. Yediot quoted Israeli political sources as saying that there is a new opportunity for a prisoner swap. Yediot reported that PM Olmert's envoy Ofer Dekel recently traveled to Egypt, where he met with Egyptian intelligence chief Omar Suleiman and asked for clarification on the list of prisoners Hamas was demanding in exchange for Shalit. Jailed Fatah/Tanzim leader Marwan Barghouti was quoted as saying in an interview with Maariv that Israel should not miss the "golden opportunity" presented by a prisoner swap. Barghouti was quoted as saying: "There will be no better time to reach an arrangement between us; this is the time for two states for two peoples." The Jerusalem Post quoted senior GOI officials as saying on Tuesday that Hamas is feeling intense pressure to "deliver" something significant for the Palestinian following their violent takeover of Gaza. Major media (banner in Makor Rishon-Hatzofe) reported that on Tuesday Likud Chairman Binyamin Netanyahu characterized the release of prisoners as a mistake and the crossing of a red line.

Major media quoted Osama Mazini, a member of Hamas's political bureau and a liaison with Shalit's kidnappers, as saying in an interview with a local Gaza radio station on Tuesday that Shalit needs medical care, as the wound he sustained during his abduction one year ago has not yet healed.

Ha'aretz cited a special report by the UN's Lebanon Independent Border Assessment Team (LIBAT) as saying that the border between Syria and Lebanon is highly porous, and that there is no mechanism capable of preventing the smuggling of weapons and other materials.

Former US Permanent Representative to the UN John Bolton was quoted as saying on Tuesday in an interview with The Jerusalem Post that sanctions and diplomacy have failed and it may be too late for internal opposition to oust Iran's Islamist regime, leaving only military intervention to stop Iran's drive to nuclear weapons. Worse still, according to Ambassador Bolton, the Bush administration

does not recognize the urgency of the hour and that the options are now limited to regime change from within or a last-resort military intervention, and it is still clinging to the dangerous and misguided belief that sanctions can be effective. As a consequence, Bolton said he was "very worried" about the well-being of Israel. If he were in Israel's predicament, he was quoted as saying, "I would be pushing the US very hard. I am pushing the US [administration] very hard, from the outside, in Washington."

Leading media reported that on Tuesday Chairman Abbas outlawed all armed Palestinian groups except for the official PA security services. He also issued an order exempting Gaza Strip residents from paying taxes. Ha'aretz reported that Chairman Abbas asked PM Olmert at Monday's Sharm el-Sheikh summit to allow the Jordan-based Badr Brigade to enter the West Bank. The newspaper quoted a senior Israeli official as saying that Olmert will consider the request.

Ha'aretz and Israel Radio quoted visiting Russian FM Sergey Lavrov as saying on Tuesday at a meeting in Tel Aviv with FM Tzipi Livni that Russian weapons sales to Syria were subject to strict internal controls and complied with all of Russia's international commitments. He was quoted as saying that the sales were completely transparent, for defense purposes only, and that they did not alter the balance of forces in the region. The Jerusalem Post quoted Lavrov as saying that a Palestinian civil war is in nobody's interest.

Leading media quoted officials in Jerusalem as saying that at a meeting of Quartet representative in Jerusalem on Tuesday, there was disagreement over the appointment of outgoing British PM Tony Blair as special Quartet envoy to the Middle East. The US and UN are in favor while Russia and the EU object to the move.

Ha'aretz reported that residents of the West Bank settler outpost of Adei Ad began replanting olive trees that they had uprooted last week. The trees were returned to their Palestinian owner, a resident of Kafr Karyut, at the insistence of the IDF's Civil Administration in the territories.

Israel Radio and other media reported that PM Ehud Olmert is delaying the appointment of a finance minister and the reshuffling of the coalition government until next week.

The Jerusalem Post reported that US Jewish charities are angered by the Israeli Finance Ministry's alleged demands to subsidize government programs despite a budget surplus of billions of shekels (on Tuesday one shekel was worth USD 0.235 US dollars).

Globes reported that Jewish American billionaire Sheldon Adelson will invest USD 200 million in a free Israeli newspaper whose distribution will start on July 15.

Maariv reported that the Winograd Commission probing the Second Lebanon War will publish its final report in early September or early October.

Makor Rishon-Hatzofe cited the London-based newspaper Al-Hayat as saying that the US will soon publish a list of sanctions that will be imposed on Syrian and Lebanese figures acting against Lebanon's stability.

Maariv reported on an Israeli "invention": a movable military outpost whose components are carried to hostile territory by a helicopter.

Makor Rishon-Hatzofe reported that on Tuesday Iranian President Mahmoud Ahmadinejad accused President Mubarak and Jordanian King Abdullah II of betraying the Palestinian people. Maariv reported that on Monday Iran will launch an English-language satellite TV channel.

The Jerusalem Post reported that on Tuesday the Israel-US Binational Research and Development (BIRD) approved investments in 14 new joint US-Israel companies, totaling USD 13 million, with a combined budget of over USD 36 million.

The Jerusalem Post reported that Hamas intends to ask for changes in an agreement with BG Group Plc, giving it a bigger slice of the

proceeds from a pending natural-gas deal with Israel.

Maariv ran a feature about the Israelis' preferred vacation destinations. The US comes first, followed by Italy, Thailand, and Israel.

Ha'aretz and The Jerusalem Post reported that on Tuesday Russian billionaire Moshe Kantor, who resides in Switzerland, was elected the new European Jewish Congress (EJC) president. Kantor, who is close to Russian President Vladimir Putin, beat the incumbent, French businessman Pierre Besnainou.

Ha'aretz reported that on Tuesday the Jerusalem Labor Court rejected a request to delay the appointment of Yaki Dayan to the post of Israel's Consul General in Los Angeles. The request was filed by a Foreign Ministry employee who competed with Dayan for the post. The disgruntled candidate argued that the appointment was influenced by FM Livni, with whom Dayan is closely affiliated. The court ruled that there is no proof that "ulterior motives" were at play in the appointment

I1. Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "Those who are willing to pay any price [in prisoner swaps] are liable soon to find themselves facing ever more negotiations and dilemmas of this nature."

Op-ed writer Ariella Ringel Hoffman commented in the editorial of the mass-circulation, pluralist Yediot Aharonot: "Israeli sourness, tightfistedness, and pettiness have never paid off."

Veteran journalist Yaron London wrote in Yediot Aharonot: "[Conceding] 'everything' means willingness to summarily yield to Hamas's demand and return to the Diaspora."

The conservative, independent Jerusalem Post editorialized: "The very fact that Hamas has seen fit to depart from its policy of withholding all information on Shalit unless rewarded for it perhaps signifies that it may be feeling the pinch of Gaza's isolation."

Block Quotes:

II. "The Price of the Future"

The independent, left-leaning Ha'aretz editorialized (6/27): "Substantively, the [audio] tape [containing a voice message from abducted Israeli soldier Gilad Shalit] did not change the negotiations. It had an emotional impact on the Israeli public and, via its reflection in the media and public opinion polls, on government decision-makers. But the fundamental issues remain the same. Despite the rhetoric, states maintain a price list.... The decision to release 250 prisoners affiliated with Fatah, independent of the Shalit deal and before it has even been finalized, was a correct one, and it should be followed by other, similar gestures. Regarding the Shalit deal itself, Israel must continue to demand that the price be lowered. In principle, the deal is justified if there is no military alternative. But those who are willing to pay any price are liable soon to find themselves facing ever more negotiations and dilemmas of this nature."

II. "Time to Change the Mindset"

Op-ed writer Ariella Ringel Hoffman commented in the editorial of the mass-circulation, pluralist Yediot Aharonot (6/27): "It cannot be guaranteed that if Israel had upheld the agreement with [Hizbullah], as Nasrallah understood it, the kidnappings would not have been prevented; but it can be said with confidence that it was worthwhile to try. The last kidnapping, as we recall, led to a war. In other words, Israeli sourness, tightfistedness, and pettiness have never paid off. A prisoner exchange may not be a cause for

celebration by the establishment, certainly not a sign of Israel's successes, but it is great joy for the parents on both sides. And in the absence of any other choice, this is a great deal."

III. "Not 'At Any Price'"

Veteran journalist Yaron London wrote in Yediot Aharonot (6/27): "We cannot give 'everything' in return for our kidnapped soldiers. 'Everything' means willingness to summarily yield to Hamas's demand and return to the Diaspora..... One on hand stands the suffering of the kidnapped soldiers and the grief of their family, and on the other stands the suffering of the thousands of victims of terror and the expected suffering of those who stand to be attacked by the determined terrorists who will be released from prison."

IV. "Hamas's Blackmail"

The conservative, independent Jerusalem Post editorialized (6/27): "Gilad Shalit's abductors are well aware that Israel is the sole liberal democracy in a sea of autocratic Arab regimes. They know that Israel adheres to a very different set of values from their own death cult, that Israel makes the preservation of life its highest consideration. The upshot is that whenever our enemies hold an Israeli for ransom, they expect his country to go out of its way to pay for his freedom, even if the price is disproportionate and even if it, down the line, endangers the lives of other Israelis -- both in uniform and civilians. The more Israel pays, the more kidnappings are seen to pay off.... This human Israeli mindset, terribly, yet again plays into Hamas's hands, abetting its psychological warfare, increasing its leverage. Still, the very fact that Hamas has seen fit to depart from its policy of withholding all information on Shalit unless rewarded for it perhaps signifies that it may be feeling the pinch of Gaza's isolation."

12. US-Israel Relations:

Summary:

Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz: "It seems that after 10 years of relative quiet during which the Republicans controlled Congress, there is a growing tendency to use Israel as a pawn on the political playing field."

Block Quotes:

"The Price of the Future"

Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz (6/27): "Just as every political choice inevitably reflects an order of priorities, it is possible to argue today -- with a certain amount of justice -- that the [US] Republican Party prefers to prevent the distribution of condoms in third-world countries over supporting defense aid to Israel. All the rest is excuses..... Republican offices hastened this week to explain: had they thought that because of them aid to Israel would be revoked, they would have voted otherwise [on a bill reviving the 'Mexico City policy' denying aid to organizations or institutions that work for abortion].... Nevertheless, it seems that after 10 years of relative quiet during which the Republicans controlled Congress, there is a growing tendency to use Israel as a pawn on the political playing field. And there seems to be no chance of stopping this process. As the Bush era draws to a close, all means are kosher in Washington's power struggles. That is how officials in Jerusalem explained the surprising visit to Damascus by Speaker of the House Nancy Pelosi, a Democrat, and how some of them view the thorn that Lowey stuck in the sides of legislators from the minority party. And there will probably be additional snags of this nature. Or, as one Israeli source put it, the naked truth has been revealed: It must be hoped that no African wombs ever stand between us and American aid in the future."